

House Committee Moves Forward With Ryan Fair Trade Bill

H.R. 2378 Receives Full Bi-Partisan Support of House Ways and Means Committee

(Washington, DC) – Congressman Ryan (OH-17) announced that the House Ways and Means Committee voted today in favor of an amended version of the Currency Reform for Fair Trade Act (H.R. 2378), legislation that he co-sponsored with Congressman Tim Murphy (PA-18). Today's committee action ensures that all provisions of this far-reaching, bi-partisan legislation are consistent with World Trade Organization provisions. The amended bill passed committee without objection via voce and will be scheduled for consideration by the full House of Representatives as early as next week.

“Today’s bipartisan committee decision sends a strong signal to currency manipulators who seek to undercut the American manufacturing industry,” stated Congressman Ryan. **“Manufacturing is the foundation of our economy and we need to increase manufacturing in the U.S. For every manufacturing job that is created, up to six additional jobs are spun off. This bill will provide tremendous relief to small and mid-size manufacturers all over Ohio and the nation. It is not fair to ask these companies to compete against a Communist country that is cheating. This bill takes on unfair practices of other countries and will help save manufacturing jobs in the U.S.”**

H.R. 2378

The Currency Reform Fair Trade Act (H.R. 2378) was introduced to protect American manufacturers from currency misalignment. H.R. 2378, which does not single out any one country in particular, directs the U.S. Department of Commerce to treat currency undervaluation as a prohibited export subsidy. When any foreign government deliberately undervalues its currency, the U.S. government can respond by imposing reasonable countervailing duties or antidumping measures. The bill was introduced in May 2009 and currently has 155 co-sponsors.

China's Currency Manipulation

According to the International Monetary Fund, the U.S. Treasury Department, and the congressionally-chartered U.S.-China Economic and Security Review Commission, as well as many noted economists, China's currency, the Renminbi (RMB), is significantly undervalued—as much as 40 percent by some accounts. The protracted undervaluation of the RMB by the People's Republic of China contributes significantly to China's large trade imbalance with the U.S., makes China's exports to the U.S. artificially cheaper than if China allowed its currency to appreciate to its true level, makes U.S. exports to China artificially more expensive in the Chinese market, and hampers U.S. competitiveness in third-country markets where U.S. exports go head-to-head with Chinese exports for sales. At the same time, dollar investments made in China receive an artificial bonus, promoting the outsourcing of American production and jobs. As a result, products made in America have been undercut by Chinese goods, which are effectively subsidized by the Chinese government's policy of manipulating the value of its currency. In an apparent effort to deflect the demands of its trading partners, Beijing announced it was revaluing the RMB a few days before the opening of the G-20 summit in June 2010. Since that time, however, the RMB has appreciated less than one percent on a nominal basis.

China's contravention of established trade laws has imposed significant hardship on American manufacturers and workers and continues to imperil our economic recovery. Economist Paul Krugman has written that China's "is the most distortionary exchange rate policy any major nation has ever followed." Fred Bergsten of the Peterson Institute for International Economics believes that resolution of this issue could create as many as 1 million American jobs. A report

by the Economic Policy Institute concluded that between 2001 and 2008, 2.4 million jobs were lost and thousands of workers were displaced in every U.S. congressional district as a result of China's currency manipulation and unfair trade policies.

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